



McCormick Reports Higher Sales And Profits

January 14, 1989
SPRINGFIELD, MO, Jan. 14 - McCormick & Company, Incorporated (NASDAQ: MCCO), today reported increased sales and profits for the fourth quarter and fiscal 1988. Earnings per share for the year ended November 30 were \$1.41, an increase of 8% over \$1.30 for 1987. Sales increased 4% to \$1.9 billion. Operating income excluding restructuring increased 10%.

Earnings per share for the fourth quarter were \$16 versus \$16 for the comparable quarter of 1987, an increase of 5%. Sales increased 5% to \$586 million. Operating income for the quarter excluding restructuring increased 8%. The Company's global consumer and business-to-business had excellent results, with double-digit sales and profit growth. These gains were partially offset by unfavorable foreign currency exchange rates and lower fourth quarter profit in the Company's industrial food business and packaging businesses. Also in the quarter, the Company recorded net restructuring charges of \$1.5 million (1.36 per share) resulting primarily from the discontinuation of manufacturing operations in Venezuela, offset by other restructuring charges and credits relating to the completion of prior year restructuring plans.

Commercial Robert J. LaFollette, President & CEO, began the quarter, the Company's earnings improved over the same quarter of the prior year. He was particularly pleased with the performance of its global consumer and business-to-business businesses. Successful consumer marketing initiatives, such as the relaunch of our dry seasoning mix line, along with distribution gains, made an important contribution. Our McCormick and Stollberg brand products are outperforming the category growth, and we expect this success to continue into 1989.

"Outstanding operating results and distribution gains in Australia and Canada were dampened by unfavorable currency exchange rates. Weak economies in Asia and Latin America continue to negatively impact our results. "The fundamentals of our business remain strong. Our programs are working, and we firmly believe we are on the right track for future success."

Consolidated Income Statement (in thousands except per share data)				
	Three months ended			Year ended
	Quarter	11/30/87	11/30/88	11/30/89
NET SALES	\$555,490	\$554,914	\$1,381,146	\$1,882,968
Cost of goods sold	337,509	338,068	1,232,222	1,172,328
Gross profit	218,191	216,914	448,924	626,630
Percentage	39.0%	39.3%	34.3%	34.9%
Selling, general and administrative expenses	143,171	141,141	463,179	461,022
Restructuring charge (credit)	1,507	113	2,335	(3,227)
Operating income	83,513	77,655	182,600	175,643
Interest expense	9,622	9,281	36,935	36,332
Other (income) expense, net	(2,707)	(3,792)	(8,609)	(7,795)
Income from consolidated continuing operations	6,990	71,769	132,699	142,306
Before income taxes				
Income taxes	27,573	25,915	54,900	52,053
Net income from consolidated continuing operations	49,217	45,854	77,799	89,853
Income from discontinued operations	1,261	2,336	6,229	7,714
Net income from continuing operations	50,078	48,190	84,028	97,415
Income from discontinued operations, net of income taxes				
NET INCOME	\$ 50,078	\$ 48,190	\$ 103,028	\$ 98,428
EARNINGS PER SHARE - BASIC:				
Continuing operations	\$0.49	\$0.45	\$1.42	\$1.29
Discontinued operations	-	-	.01	.01
EARNINGS PER SHARE - BASIC	\$0.49	\$0.45	\$1.42	\$1.30
Average shares outstanding - basic	72,668	74,397	73,269	75,658
EARNINGS PER SHARE - DILUTED				
Continuing operations	\$0.48	\$0.45	\$1.41	\$1.29
Discontinued operations	-	-	.01	.01
EARNINGS PER SHARE - DILUTED	\$0.48	\$0.45	\$1.41	\$1.30
Average shares outstanding - diluted	73,247	74,626	73,886	76,322

Condensed Consolidated Balance Sheet (in thousands)		
	11/30/88	11/30/87
Assets		
Receivables	\$ 212,804	\$ 213,198
Inventory	258,893	252,084
Prepaid expenses	143,722	132,943
Property - net	377,032	380,075
Other assets	274,605	275,962
Total assets	\$1,269,053	\$1,255,232
Liabilities and shareholders' equity		
Short-term borrowings	\$ 163,679	\$ 121,302
Other current liabilities	264,235	276,747
Long-term debt	205,563	276,469
Other liabilities	107,285	86,394
Shareholders' equity	388,111	393,110
Total liabilities and shareholders' equity	\$1,269,053	\$1,255,232